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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91252969
Party	Defendant Johnny K. Wang
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Application Serial No. 88/533,955
For the Mark "PATXI'S" in International Class 043
Published in the Official Gazette on November 19, 2019

PATXI'S LIMITED,

Opposer,

v.

JOHNNY K. WANG,

Applicant.

APPLICANT JOHNNY WANG'S TRIAL BRIEF

Applicant Johnny Wang claims legitimate rights to the Patxi's mark after the prior owner(s) allowed the registration to lapse and sold any remaining rights to various third parties without any reservation as to the mark.

Opposer appears to have purchased the Patxi's restaurants in 2018 and allowed the mark to expire while selling off the restaurants to third parties with no license agreement or reservation of rights as to how the Patxi's mark could be used. In support of its opposition, Opposer has presented no evidence of actual use of the mark in commerce by Opposer. The proffered evidence only shows use by the third parties to whom Opposer sold the restaurants. This is not the conduct of a mark owner, and constitutes abandonment of the mark.

The story that Opposer maintains a large franchise operation appears to be a complete fiction, conceived after the fact for the purpose of supporting this trademark claim. Opposer has not produced any evidence of any actual franchise agreements, license agreements, or

agreements with "Patxi's Franchise Corp." or any of the various third parties who are currently using the mark.

Consequently, Opposer cannot meet its burden of proof that it has priority of use and has not abandoned the mark as required by the Trademark Act.

1. Opposer Has Failed to Meet its Burden of Proof.

In opposing Applicant's application, Opposer has the burden of proving superior rights to the mark. See, e.g., Life Zone Inc. v. Middleman Group Inc., 87 U.S.P.Q.2d 1953, 1959 (TTAB 2008) ("[I]t is opposer's burden to demonstrate that it owns a trademark, which was used prior to applicant's mark, and not abandoned.") (citing Trademark Act §2(d)).

As in this case, the opposer in Life Zone did not own a registered mark. As here, the opposer in that case presented internet print-outs as evidence, and as here, those internet print-outs failed to show the opposer using the mark in commerce. See id. ("Even if properly made of record, however, . . . Internet printouts[] would only be probative of what they show on their face, not for the truth of the matters contained therein…") (citing Sports Auth. Mich. Inc. v. PC Auth. Inc., 63 U.S.P.Q.2d 1782, 1798 (TTAB 2001); TBMP § 704.08).

Opposer's principal argument and supporting evidence is that its franchisees are using the mark in commerce, and that use inures to Opposer, so Opposer has priority of use. See, e.g., Opposer's Trial Brief, pp. 4-5. Opposer further argues that it uses the mark in commerce, but despite its rhetoric, it produced no supporting evidence of actual use. See id. Opposer's arguments fail because, as demonstrated below, ***there are no Patxi's franchisees***, and Opposer has not presented any evidence of actual use.

2. There are no Patxi's Franchisees.

As a preliminary matter, Applicant must address Opposer's false statements regarding its alleged franchisees. Initially, in his Testimonial Declaration filed November 21, 2020 ("Opp. Tr. Decl."), Mr. Nakhleh claimed that Patxi's Limited acquired the mark, expanded the business, and "started growing the brand buy [sic] starting a franchise system." See id., ¶ 5. He claimed that "[o]ver 20 franchises were sold in less than 12 months." See id. No mention is made of any third party franchising entity. To the contrary, Mr. Nakhleh refers to "Opposer and its franchisees." See id., ¶ 10.

Each of these claims are false. On November 17, 2020, in another pending case (North, *et al.* v. Layers, LLC, *et al.* [San Francisco Sup. Ct. Case No. CGC-19-577983]), Mr. Nahkleh signed discovery responses under oath unequivocally stating that: "***the following locations were sold, rather than legally franchised, and thereby, there are no Patxi's Franchises***." (emphasis added) See Testimonial Declaration of John A. Lofton, filed January 20, 2021 ("Lofton Decl."), Exhibit A (Responses to Special Interrogatories 5 & 6). Mr. Nakhleh then proceeds to list virtually all of the Patxi's restaurant locations. See id.

When Opposer realized that its sole witness was caught in a lie about the franchising, Mr. Nahkleh submitted a Reply Testimonial in this case on March 4, 2021 (Opp. Rep. Dec.) attempting to backtrack. Mr. Nahkleh then claimed – for the first time – that a related entity actually franchised the restaurants that were owned by Opposer. See id., ¶¶ 4-6. Mr. Nakhleh attempted to claim that this related entity, Patxi's Franchise Corp., franchised the stores and that "all use of the PATXI's trademarks by Patxi's Franchise Corp. inures to the benefit of Opposer, Patxi's Limited by virtue of an agreement." See id., ¶ 7.

However, Opposer fails to produce any agreement with Patxi's Franchise Corp. or any franchise agreement with any of the alleged franchisees. Moreover, Mr. Nakhleh's own sworn testimony on November 17, 2020 is unequivocal. He did not claim that Patxi's Limited had no franchises; he stated "***there are no Patxi's Franchises***."

Opposer's evidence relating to the franchisees and its alleged related franchising entity is contradictory, self-serving, and should be discounted by the Board. No supporting documentary evidence has been produced, most likely because no such evidence exists. As such, Opposer's evidence of franchising and the related entity is insufficient to establish that third party use of the mark that can be attributed to Opposer. See In re Raven Marine, Inc., 217 U.S.P.Q. (BNA) 68, 70, 1983 TTAB LEXIS 142, *4 (Trademark Trial & App. Bd. January 21, 1983) ("[W]e do not believe that the applicant's proofs (a three-paragraph application amendment filed by applicant's attorney on August 29, 1977) reveal an adequate licensing agreement providing for proper and effective controls by applicant over the use of the trademarks.")

Opposer has failed to present any evidence of licensing or quality control. The evidence before the Board indicates that the restaurants were sold without any license in place at all. However, even if the Board assumes a license does exists, Opposer has presented no evidence of quality control. "[I]t is well established that where a trademark owner engages in naked licensing, without any control over the quality of goods produced by the licensee, such a practice is *inherently deceptive* and constitutes abandonment of any rights to the trademark by the licensor." See Barcamerica Int'l USA Trust v. Tyfield Imps., Inc., 289 F.3d 589, 598; 62 U.S.P.Q.2D (BNA) 1673, 1679 (2002) (citing First Interstate Bancorp v. Stenquist, 1990 U.S. Dist. LEXIS 19426, 16 U.S.P.Q. 2d 1704, 1706 (N.D. Cal. 1990)).

3. Opposer's Evidence Does Not Show Use in Commerce by Opposer.

Opposer's evidence does not establish use in commerce by Opposer. Rather, it supports Applicant's position that the mark is currently in unrestricted use by third parties over whom Opposer has no control.

Exhibit A to Mr. Nakhleh's November 21, 2020 declaration is just the purchase agreement with the prior mark owner and shows no use in commerce.

Exhibit B to Mr. Nakhleh's November 21, 2020 declaration is a Yelp page for the Patxi's location at 441 Emerson Street in Palo Alto, CA. Exhibit C to that declaration is a menu for the Patxi's location at 1011 S. Figueroa St. in Los Angeles, CA. However, Mr. Nakhleh's November 17, 2020 declaration confirms that these locations were sold, not franchised, to third parties, and are not owned or operated by Opposer. See Lofton Decl., Exhibit A (Responses to Special Interrogatories 5 & 6). Applicant has established that Opposer's claim that these third parties are franchisees is false. Opposer has produced no evidence that the mark is licensed or that it otherwise retains any control over the use of the mark or the quality of the goods and services related thereto.

Exhibit D to Mr. Nakhleh's November 21, 2020 declaration appears to be an internal marketing presentation ("We're going to focus on the basics for the next three months, replicating the promotions that drove the business in 2019"), and does not constitute evidence of use in commerce.

Exhibit E to Mr. Nakhleh's November 21, 2020 declaration is an "in-store ads [sic] featuring the Patxi's brand." There is no testimony or other evidence that the ad was in fact used by Opposer, as opposed to one of the various third parties who bought the stores from Opposer –

in which case it would be no evidence at all. Given that Exhibits B and C show use in commerce by third parties, Opposer should not benefit from any presumption here.

Opposer has had multiple opportunities to provide actual evidence of franchise agreements, licensing agreements, or the like, and has been unwilling or unable to do so. The evidence before the Board is that Opposer sold the restaurants and did not retain trademark rights when it did so. The third party buyers appear to be using the Patxi's mark without restriction or oversight by Opposer. Consequently, Opposer has abandoned any rights it may have had, and any use of the Patxi's mark by those third parties does not inure to the benefit of Opposer.

WHEREFORE, Applicant respectfully requests that the Board reject Opposer's Opposition, and allow Applicant's mark to proceed to registration.

Dated: June 4, 2021 By: /Johnny K. Wang/
Johnny K. Wang, Applicant

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Applicant Johnny Wang's Trial Brief will be sent to the Opposer's counsel, Edmund J. Ferdinand, by email on June 4, 2021 per agreement of the parties.

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